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Canada

MARKET ACCESS SECRETARIAT
Global Analysis Report

Sector Trend Analysis

PROCESSED COFFEE PRODUCTS

In the United States

Decembre 2016

EXECUTIVE SUMMARY

In 2015, the United States imported US$5.9 billion worth of coffee products from the world, 7.3% of which came from Canada at a value of US$430 million. Of all the States, California imported the most coffee products, thus accounting for 15% of the US's total imports.

According to Mintel Market Sizes, in 2015, coffee products recorded an approximate retail volume growth of 0.5% and a value growth of 7.5% to reach sales of 578,200 tonnes and US$11 billion.

Coffee pods continue to be the main driver of coffee growth due to their convenience. As this category continues to mature in the US, there is expected growth throughout the forecast period from 2016 to 2019.

Furthermore, higher quality coffee is growing in demand due to surge in health and wellness trends across the US. Along with American consumers' growing preference for premium quality coffee, specifically coffee products that are from single origins.

From August 2010 to 2016, there were 1,510 coffee products launched, with an average of 269 products being launched per year. During the review period, most of the new products launched, occurred in 2014 which accounted for 27.4% of the coffee products launched in the US.

Canada's quality roasted coffee is the number one player in the US market and has been for the last five years.

CONTENTS

Executive Summary 1
Trade 2
Market Trends 3
Retail Sales 3
Company 4
New Product Launch Analysis 4
New Product Examples 6
For More Information 8
Resources 8

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TRADE

In 2015, the United States imported US$5.9 billion worth of coffee products from the world and US$430 million from Canada. Of all the States, California imported the most coffee products, thus accounting for 15% of the US coffee imports. The top countries to supply coffee products to the US were Brazil with 22.7% market share, Colombia (with 20.9%), and Canada (with 7.3%), in total accounting for more than half of the US's coffee imports.

The top coffee products imported by the US from Canada were roasted coffee, roasted decaffeinated coffee, and decaffeinated coffee. Of the total coffee products imported, coffee (excluding roasted and decaffeinated) saw significant growth from 2010 to 2015. Alternatively, roasted decaffeinated coffee saw a -7.8% CAGR from 2010 to 2015.

Figure 1: The United States Coffee* Imports by State from the World in 2015, US$

States	2015	Market Share (%)
United States	**5,897,725,009**	-
1. California	**866,134,881**	**14.7**
2. Louisiana	631,203,456	10.7
3. New Jersey	610,873,231	10.4
4. Texas	543,031,709	9.2
5. New York	530,563,608	9.0
6. Maryland	501,166,998	8.5
7. Florida	497,382,955	8.4
8. South Carolina	399,754,546	6.8
9. Virginia	340,046,703	5.8
10. Washington	331,474,295	5.6

Figure 2: The United States' Top Suppliers of Coffee* from the World in 2015, US$

Countries	2015	Market Share (%)
World	**5,897,725,009**	-
Brazil	1,340,742,669	22.7
Colombia	1,233,373,566	20.9
Canada	**429,671,290**	**7.3**
Viet-Nam	362,305,520	6.1
Indonesia	339,628,003	5.8
Guatemala	324,888,525	5.5
Mexico	243,759,510	4.1
Nicaragua	232,932,271	3.9
Honduras	213,550,750	3.6
Peru	177,204,790	3.0

Source for both: Global Trade Tracker, 2016
***Note**: for the purpose of this report, "Coffee" was defined using the following HS Code 0901

Figure 3: The United States Coffee* Imports by Product Type from Canada, in Millions US$

Item	2010	2011	2012	2013	2014	2015	CAGR* (%) 2010-15
Coffee	**269.17**	**406.20**	**407.28**	**392.88**	**385.59**	**429.67**	**9.8**
Roasted Coffee (Excl. Decaffeinated)	218.34	345.90	354.06	346.61	343.22	384.25	12.0
Roasted, Decaffeinated Coffee	44.78	55.28	47.60	39.50	30.60	29.82	-7.8
Decaffeinated Coffee (Excl. Roasted)	6.02	5.00	5.44	6.69	9.59	11.92	14.6
Coffee (Excl. Roasted And Decaffeinated)	0.02	0.02	0.18	0.08	2.19	3.67	N/A
Coffee Husks And Skins; Coffee Substitutes Containing Coffee In Any Proportion	-	-	-	-	-	-	-

Source: Global Trade Tracker, 2016 *N/A – Note available *CAGR - Compound Annual Growth Rate
***Note**: for the purpose of this report, "Coffee" was defined using the following HS Code 0901

MARKET TRENDS

Within the coffee products categories, coffee pods continue to be the main driver of coffee growth because they are convenient for American consumers, for example, fresh ground coffee pods saw huge growth as a result of the popularity of Keurig brewing machines (Euromonitor, 2016). As this category continues to mature within the US market, there is expected growth throughout the forecast period from 2016 to 2019.

Higher quality coffee is growing in demand due to surge in health and wellness trends across the US, for example there is a rise in demand for organic coffee. Also American consumers are interested in premium quality coffee, specifically coffee products that are from single origins. Single-estate coffee (sourced from a single region and single farm) are known to support sales of premium quality coffee and are known to offer a story that adds value to the product, thus meeting the American consumer need to understand how the coffee they consume are sourced (Euromonitor, 2016).

RETAIL SALES

In 2015, coffee recorded an approximate retail volume growth of 0.5% and a value growth of 7.5% to reach sales of 578,200 tonnes and US$11 billion. According to Mintel, over the forecast period from 2016 to 2019, coffee is expected to register a retail volume compound annual growth rate (CAGR) of 0.32% and a value CAGR of 6%. Part of the expected growth is going to be from the ongoing demand for premium coffee and fresh ground coffee pods.

Figure 4: Historic and Forecast Retail Market Volume Sales from 2012 to 2019

	Units	2012	2013	2014	2015^{E}	2016^{E}	2017^{F}	2018^{F}	2019^{F}
Absolute size	(000) tonnes	556	573	575.6	578.2	579.8	582.4	585	585.4
Volume Consumption per capita (population)	kg	1.771	1.811	1.805	1.799	1.79	1.784	1.776	1.763
Growth	%	1.1	3.1	0.5	0.5	0.3	0.4	0.4	0.1

Figure 5: Historic and Forecast Retail Value Sales from 2012 to 2019

	Units	2012	2013	2014	2015^{E}	2016^{E}	2017^{F}	2018^{F}	2019^{F}
Value	Billion USD	9.316	9.771	10.17	10.94	11.64	12.44	13.17	13.82
Spend per capita (population)	USD	29.67	30.89	31.91	34.03	35.95	38.1	40	41.63
Spend as a proportion of GDP	%	0.058	0.059	0.059	0.061	0.063	0.064	0.065	0.067
Unit prices	USD per kg	16.76	17.05	17.67	18.91	20.08	21.36	22.51	23.61
Value growth	%	12.3	4.9	4.1	7.5	6.5	6.8	5.9	4.9

Source for both: Mintel Market Sizes, 2015 E=Estimate F= Forecast

COMPANY

J.M. Smucker Co., Keurig Green Mountain Inc., and Kraft Foods Inc. are the top coffee companies in the US, together they account for 58% of the retail market share in the US. Keurig Green Mountain Inc. is expected to lead the coffee sector in value as majority of their retail value sales stems from its fresh ground coffee pods in which the company licensed a wide variety of popular brands for use in its pod coffee machines. Nestlé S.A. is anticipated to grow in value sales due to the rise in popularity of its Nespresso brand of fresh ground coffee pods (Euromonitor, 2016).

Figure 6: Company Retail Market Share by Value (%)

Market Player	2012	2013	2014
J. M. Smucker Co.	32.2	29.0	27.0
Keurig Green Mountain Inc.	14.7	16.4	16.1
Kraft Foods Inc.	13.7	14.5	14.6
Starbucks Coffee Co.	11.6	12.1	13.0
Own Label	9.2	9.9	10.9
Others	8.1	8.8	9.6
Nestlé S.A.	3.7	3.5	3.2
JAB Holding Company S.à r.l.	2.1	2.0	2.0
Massimo Zanetti Beverage Group S.P.A	2.1	1.8	1.8
Tata Tea Ltd.	2.6	2.0	1.8

Figure 7: Company Retail Market Share by Volume (%)

Market Player	2012	2013	2014
J. M. Smucker Co.	37.9	37.3	35.5
Kraft Foods Inc.	20.0	20.7	20.6
Own Label	13.1	12.5	12.7
Others	7.9	8.1	9.3
Starbucks Coffee Co.	6.3	6.8	7.0
Keurig Green Mountain Inc.	4.5	5.2	5.9
Massimo Zanetti Beverage Group S.P.A	4.3	4.0	3.7
Tata Tea Ltd.	2.9	2.3	2.0
Nestlé S.A.	1.7	1.7	1.7
JAB Holding Company S.à r.l.	1.4	1.4	1.6

Source for both: Mintel Market Sizes, 2015

NEW PRODUCT LAUNCH ANALYSIS

According to Mintel, from August 2010 to 2016 there were 1,510 coffee product launched with an average of 269 products being launched per year. During the review period, most of the new products launched, occurred in 2014 which accounted for 27.4% of coffee product launches in the US. Of the total number of coffee launches, 314 were entirely new products while 668 were new variety and/or range extension of existing coffee products. The rest of the launches were relaunches with 95 coffee products and new formulation (with 9 products). Thus, demonstrates a trend where coffee producers are extending their coffee line with a wider variety of coffee products.

Figure 8: New Product Launches of Coffee Products in the US from August 2010 to 2016

Feature*	Yearly launch Counts						
	2010	2011	2012	2013	2014	2015	2016
Yearly Product Launches	42	123	137	227	413	321	247
Top 5 Companies							
Keurig Green Mountain	0	0	0	0	17	35	46
Starbucks Coffee	3	5	7	12	33	23	12
Kraft Foods	2	9	12	3	22	5	2
Green Mountain Coffee Roasters	1	6	12	16	9	6	1
Target	0	4	5	10	21	9	2
Top 5 Brands							
Starbucks	0	1	3	7	16	9	7
Wegmans	0	0	2	11	25	3	1
Kroger	0	2	3	7	12	3	9
Maxwell House	0	3	3	1	20	5	4
Archer Farms	0	1	3	9	14	7	0
New Brands							
The Village Coffee House	-	-	-	-	-	-	-
Keurig Hot Eight O'clock	-	-	-	-	-	-	-
Bulletproof	-	-	-	-	-	-	-
Keurig Hot Café Escapes	-	-	-	-	-	-	-
Top 5 Claims							
Kosher	28	83	102	145	337	278	206
Ethical - Environmentally Friendly Package	10	24	35	59	152	147	123
Premium	9	26	31	48	70	66	39
Ethical – Human	2	16	18	56	72	68	51
Organic	2	11	12	31	38	41	27
Top Growing Claims							
Economy	3	5	10	11	13	10	5
Ease of Use	4	2	7	18	22	26	26
Limited Edition	2	6	14	12	26	10	11
Declining Claims							
Digestive (Functional)	0	1	0	5	0	2	0
On-the-Go	2	3	2	5	6	5	0
Low/No/Reduced Lactose	0	2	1	12	41	17	4
Top 5 Ingredients*							
Coffee Beans	20	58	72	146	235	235	158
Coffee	18	52	56	71	164	66	74
Natural Flavouring Substance	15	36	28	72	119	89	65
Artificial Flavouring Substance	15	32	32	61	105	81	64
Natural and Artificial	1	1	7	16	32	30	26
Top 5 Packaging Type							
Flexible	23	55	65	131	183	106	78
Tub	4	21	30	46	129	126	124
Carton	0	1	2	6	24	33	9
Composite	3	13	8	7	23	12	8
Can	5	11	7	11	6	5	5
Top 5 Packaging Material							
Multi laminate	22	60	60	123	164	109	74
Plastic unspecified	3	14	20	56	107	97	75
Multi-layer board	3	13	8	7	22	15	8
Metal steel	5	11	7	12	6	6	2
Plastic PP	0	2	3	3	9	8	24

Source: Mintel, 2016

***Note:** the totals for ingredient counts will add to more than the total launches, as products can use multiple ingredients.

NEW PRODUCT EXAMPLES

Premium Instant Finely Ground Roasted Coffee

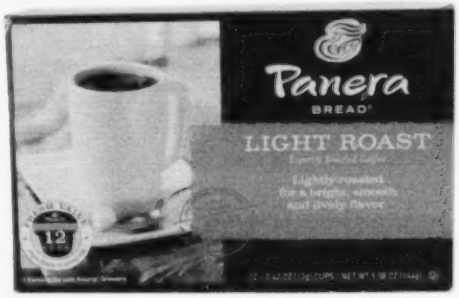
Record ID:	4015557
Company:	Nestlé
Distributor:	Nestlé
Brand:	Nescafé Reserve
Category:	Hot Beverages
Sub-Category:	Coffee
Country:	USA
Country of Manufacture:	South Korea
Import Status:	Imported product
Store Name:	Costco
Store Type:	Club Store
Store Address:	Houston 77055
Date Published:	May 2016
Product source:	Shopper
Launch Type:	New Product
Price in local currency:	$12.99
Bar Code:	8801055707768

Product Description

Nescafé Reserve Premium Instant Finely Ground Roasted Coffee is described as a premium, 100% arabica coffee with finely ground roasted coffee beans from the lush mountainous regions of Colombia. The product features a roast level of three out of five and retails in a recyclable 4.23-oz. pack with 40 packets. The company is said to be committed to improving the lives of its farmers.

Expertly Roasted Light Roast Coffee Pods

Record ID:	2314462
Company:	Panera Bread
Brand:	Panera Bread
Category:	Hot Beverages
Sub-Category:	Coffee
Country:	USA
Store Name:	Dierbergs
Store Type:	Supermarket
Store Address:	Des Peres 63131
Date Published:	Feb 2014
Product source:	Shopper
Launch Type:	New Variety/Range Extension
Price in local currency:	$6.99
Bar Code:	766047004349



Product Description

Panera Bread Expertly Roasted Light Roast Coffee Pods are new to the range. These kosher certified pods comprise premium 100% Arabica coffee, which has been grown traditionally and sustainably. Furthermore, this coffee has been lightly roasted for a bright, smooth, and lively flavor. This product is compatible with Keurig brewers and retails in a 5.08-oz. pack containing 12 x 0.42-oz. fresh valve cups, which are said to provide more flavor.

Organic Honduran Whole Bean Coffee

Record ID:	2663023
Company:	Java Trading
Distributor:	Java Trading
Brand:	Java Trading Co.
Category:	Hot Beverages
Sub-Category:	Coffee
Country:	USA
Store Name:	Costco
Store Type:	Club Store
Store Address:	Minneapolis 55416
Date Published:	Sep 2014
Product source:	Shopper
Launch Type:	New Product
Price in local currency:	$9.99
Bar Code:	766047004264

Product Description

Java Trading Co. Organic Honduran Whole Bean Coffee is grown high in the Comayagua mountains between 1,300 and 1,500 meters. The kosher certified coffee is said to be citrusy, bright and well-balanced. The 100% Arabica premium coffee is USDA organic, medium roasted, shade grown, and is free from chemicals, artificial ingredients, synthetic pesticides, antibiotics and growth hormones. It retails in a 2-lb. pack. According to the manufacturer, they are dedicated to sustainable

Hazelnut Vanilla Single Serve Coffee Cups

Record ID:	3705567
Company:	Zavida Coffee Company
Distributor:	Zavida Coffee Company
Brand:	Zavida Coffee Roasters
Category:	Hot Beverages
Sub-Category:	Coffee
Country:	USA
Store Name:	Sam's Club
Store Type:	Club Store
Store Address:	Erie 16509
Date Published:	Jan 2016
Product source:	Shopper
Launch Type:	New Product
Price in local currency:	$18.71
Bar Code:	066368986820

Product Description

Zavida Coffee Roasters Hazelnut Vanilla Single Serve Coffee Cups have a medium roast level, and are naturally and artificially flavoured. The excellent blend of 100% Arabica coffee is primarily shade-grown in Central and South America. The handpicked beans have roasted to release the unique characteristics of each origin, and blended with exquisite, premium flavours to create a rich, full-bodied coffee with the irresistible aroma and flavours of toasted hazelnuts and creamy vanilla. The kosher certified product retails in a 20.95-oz. pack containing 54 x 0.38-oz. cups. The pack features the Rainforest Alliance and Trees for the Future logos. The manufacturer has teamed up and planted enough trees with rural communities in the developing world to offset all of the carbon emissions every day.

FOR MORE INFORMATION

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in the United States**
  www.tradecommissioner.gc.ca/us

- **Find a Trade Commissioner**
  www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

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- ats-sea.agr.gc.ca

RESOURCES

Euromonitor International, 2016.

Mintel Market Size, Coffee in the United States, 2015.

Mintel Global New Product Database, 2016.

Sector Trend Analysis
COFFEE PRODUCTS IN THE UNITED STATES
Global Analysis Report

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